

**State of Alaska  
FY2009 Governor's Operating Budget**

**Department of Transportation/Public Facilities  
Internal Review  
Component Budget Summary**

**Component: Internal Review**

**Contribution to Department's Mission**

To provide professional audit assistance to department management that assures compliance with Federal Highway Administration (FHWA) and Federal Aviation Administration (FAA) requirements and to provide independent assessments of department operations.

**Core Services**

Internal Review is an independent section within the Department of Transportation and Public Facilities that reports directly to the Commissioner. Internal Review is an extension of the management function that identifies problems and recommends actions that can correct those problems. It provides a measurement of how well the Department is meeting its statutory requirements and achieving its objectives.

This section is responsible for:

- Reviews of operations and identification of control weaknesses, systems improvements, compliance, and recommendations for improvement in the use of resources (efficiency, economy, and effectiveness).
- Audits of pre-award and final (post performance) activity of firms under contract with the department to assist in negotiating rates and assuring that only agreed upon rates and charges have been paid.
- Audits of utility companies, concessionaires at state airports, grantees, and contractor claims involving federal-aid to assure agreed upon rates were used, proper fees collected and that contractor claims were supportable.
- Internal audits on major federal and state programs and assists in special program reviews conducted by the Federal Highway Administration and the Federal Aviation Administration.
- Assistance to the Division of Legislative Audit in the required Annual Single Audit of State of Alaska department operations.

**Major Activities to Advance Strategies**

- Perform timely audits of engineering consultant's and utility company's indirect cost rates
- Perform timely audits of concessionaires for the Ted Stevens Anchorage International Airport and the Fairbanks International Airport

**FY2009 Resources Allocated to Achieve Results**

<b>FY2009 Component Budget: \$1,036,700</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>Personnel:</b></td> </tr> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">8</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;"><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>8</b></td> </tr> </table>	<b>Personnel:</b>		Full time	8	Part time	0	<b>Total</b>	<b>8</b>
<b>Personnel:</b>									
Full time	8								
Part time	0								
<b>Total</b>	<b>8</b>								

**Key Component Challenges**

A significant portion of the Internal Review's audit work is performed on the federal programs on specific projects. The most cost-effective method of meeting audit requirements is to perform the audits in-house. It is important for the Internal Review Section to sustain an adequate staff size and meet training and travel requirements.

**Significant Changes in Results to be Delivered in FY2009**

No significant change anticipated.

## Major Component Accomplishments in 2007

- Completed 84 consultant engineering overhead rate audits, 19 utility company rate audits, 13 cost allocation plan reviews, 3 concession audits, 7 special reviews and 16 final audits to assure rates and other charges under contracts with the department are supportable and meet federal requirements.
- Assisted departmental staff and state attorneys in reducing claims on projects.
- Completed the review of all financial documents requested by the Division of Legislative Audit as part of the annual single audit of the State, which completes the annual 'Federal Single Audit' requirements.

## Statutory and Regulatory Authority

The following federal and state regulations and statutes apply in general to the creation and operation of the Internal Review Section:

AS 44.17.010, 020, 040 (Department authority to establish organization and staffing)

AS 36.30.420 (Right to audit records)

AS 35.05.050 (Cooperation with the federal government for construction of public works)

Alaska Procurement Code and the Department Professional Services Agreement (PSA) Manual

Memorandum of Agreement between Alaska DOT&PF and the Federal Highway Administration

CFR Title 23 Part 645 (Accounting standards for utility companies)

CFR Title 48 Part 31 (Contract Cost Principles)

OMB Circular A-133 on the Federal Single Audit

### Contact Information

**Contact:** Robert W. Janes, Chief of Internal Review

**Phone:** (907) 465-2080

**Fax:** (907) 586-8365

**E-mail:** bob.janes@alaska.gov

**Internal Review  
Component Financial Summary**

*All dollars shown in thousands*

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	768.3	902.1	944.8
72000 Travel	45.6	29.0	29.0
73000 Services	38.7	42.1	42.1
74000 Commodities	9.4	20.8	20.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>862.0</b>	<b>994.0</b>	<b>1,036.7</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	49.5	147.1	186.1
1027 International Airport Revenue Fund	82.7	82.7	86.4
1061 Capital Improvement Project Receipts	729.8	764.2	764.2
<b>Funding Totals</b>	<b>862.0</b>	<b>994.0</b>	<b>1,036.7</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Capital Improvement Project Receipts	51200	729.8	764.2	764.2
<b>Restricted Total</b>		<b>729.8</b>	<b>764.2</b>	<b>764.2</b>
<b>Total Estimated Revenues</b>		<b>729.8</b>	<b>764.2</b>	<b>764.2</b>

**Summary of Component Budget Changes  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>147.1</b>	<b>0.0</b>	<b>846.9</b>	<b>994.0</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 09 Bargaining Unit Contract Terms: General Government Unit	5.1	0.0	37.6	42.7
-Correct Unrealizable Fund Sources for Salary Adjustments: GGU	33.9	0.0	-33.9	0.0
<b>FY2009 Governor</b>	<b>186.1</b>	<b>0.0</b>	<b>850.6</b>	<b>1,036.7</b>

**Internal Review  
Personal Services Information**

<b>Authorized Positions</b>		<b>Personal Services Costs</b>		
<u>FY2008</u>				
<u>Management</u>		<u>FY2009</u>		
<u>Plan</u>		<u>Governor</u>		
		Annual Salaries		611,685
Full-time	8	COLA		40,751
Part-time	0	Premium Pay		0
Nonpermanent	0	Annual Benefits		313,794
		<i>Less 2.22% Vacancy Factor</i>		(21,430)
		Lump Sum Premium Pay		0
<b>Totals</b>	<b>8</b>	<b>Total Personal Services</b>		<b>944,800</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Internal Auditor III	4	1	0	0	5
Internal Auditor IV	1	0	0	0	1
Internal Auditor V	0	0	1	0	1
Statistical Technician I	1	0	0	0	1
<b>Totals</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>8</b>